

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 205, L.D. 285, Bill, "An Act to Improve Regulatory Oversight of Health Maintenance Organizations"

Amend the bill in section 1 in paragraph D by striking out all of subparagraphs (1) and (2) (page 1, lines 11 to 36 in L.D.) and inserting in their place the following:

'(1) The health maintenance organization possesses and maintains minimum surplus as follows:

(a) As of December 31, 1989, \$200,000;

(b) As of December 31, 1990, \$300,000; and

(c) As of December 31, 1991, \$400,000.

(2) A health maintenance organization which reports incurred, but not reported, claims liability in its financial statements as long-term debt shall establish and maintain a liquid cash reserve represented by assets consisting of cash, prime commercial paper, marketable securities with maturities not exceeding 2 years' duration and certificates of deposit issued by banks and thrift institutions located within the United States and which are fully insured by the Federal Deposit Insurance Corporation. The value of the cash reserves shall at least equal the health maintenance organization's claims incurred, but not reported, as determined monthly by methods of claims valuation found acceptable by the superintendent. Any nonprofit health maintenance organization employing fund accounts shall maintain restricted assets in a like manner. These funds shall be in addition to and shall not be included as a part of working capital funds required by rule of the Bureau of Insurance.'

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STATEMENT OF FACT

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The amendment includes a higher level of minimum surplus requirements for health maintenance organizations and provides that a liquid cash reserve must be maintained for incurred but not reported claims only if the health maintenance organization reports liability for those amounts as long-term debt in its financial statements.

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Reported by the Committee on Banking and Insurance
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